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PRIME MINISTER

Cabinet: Community Affairs

You may wish to inform the Cabinet of any significant points arising from your discussion with Chancellor Kohl on 28 February.

2. The Foreign and Commonwealth Secretary may report on his meeting with the French Minister responsible for Community affairs, Monsieur Dumas, on 24 February. On the control of agricultural and other spending, the French position seems now to be firmer and more in line with our own, holding out the hope that we shall be able to include a financial guideline, at least on agricultural spending, within the Community's budgetary procedures. On the correction of the budget inequity, the French have now accepted some of the elements which we require in a revised and lasting system. There is therefore some modest progress. The Foreign and Commonwealth Secretary made clear, however, that a French suggestion that the operation of the revised system should leave the United Kingdom with an adjusted net contribution of 1200-1300 million ecu would be totally unacceptable. On agriculture, the French again suggested some phasing-in of constraints for milk production and (which we opposed) special treatment for small farmers.

3. The Foreign and Commonwealth Secretary may also refer to the Ministerial political cooperation meeting in Paris on 27 February, which the Minister of State (Mr Rifkind) attended. There was a substantive discussion of East-West relations, with a view to a declaration on the subject at the next European Council.

CONFIDENTIAL

CONFIDENTIAL

77
4. The Secretary of State for Trade and Industry will report on the Research Council on 28 February, which the Minister for Information Technology (Mr Baker) attended. There was agreement on the five year information technology programme (ESPRIT), with funding of 750 million ecu. Vice-President Davignon gave Mr Baker assurances in advance of the meeting on respecting the 1984 budget and on keeping the level of Community expenditure on research and development down to 600 million ecu (ie the lower end of our range) in 1985. The conditions laid down for the acceptance of ESPRIT by E(A) on 21 February were therefore met.


5. The Minister of Agriculture, Fisheries and Food may report on the Agriculture Council on 27-28 February, which continued its discussion of the 1984 price proposals.

6. You will be seeing Mr Lubbers on 2 March and President Mitterrand on 5 March. There is an Environment Council on 1 March, a Consumer Affairs Council on 2 March, an Agriculture Council on 5-6 March and an Internal Market Council on 8 March.

D. F. Williamson

D F WILLIAMSON

28 February 1984

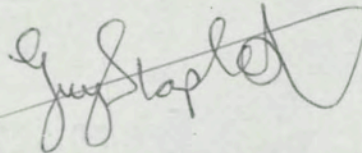

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PRIME MINISTER

Cabinet: Community Affairs

Further to Mr Williamson's minute of 28 February, the Minister of Agriculture, Fisheries and Food is likely to report that the Agriculture Council on 27-28 February agreed to the United Kingdom's long-standing request to have less favoured area status extended to marginal areas in this country. This was part of a package under which the agricultural structures directives were rolled over until the end of June, with aid to the dairy sector being suspended from 1 March. The United Kingdom will now get the usual Community financing for our expenditure on hill livestock compensatory allowances since 1 January, and farmers in marginal areas here become eligible for the higher rates of farm capital grants and for hill livestock compensatory allowances at half the normal rate. The Council also agreed a further one month roll-over for imports of New Zealand butter after Ireland and France again blocked long term arrangements.



GUY STAPLETON

29 February 1984

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